

OFFICE OF PERSONNEL

What affect has publicity in the past year had on the Agency's ability to recruit new personnel?

What is the status of CIARDS, its future, its viability, its relation to Civil Service? Why is there a budget schedule for CIARDS in the Federal Budget this year?

What mechanisms do you employ in the different directorates periodically to identify marginal performers and separate those whose performance cannot be improved?

QUESTION. RECRUITING -- IMPACT OF PUBLICITY

What effect has publicity in the past year had on the Agency's ability to recruit new personnel?

ANSWER. Recruiting has not been adversely affected by publicity concerning the Agency. The numbers of people writing in for jobs increased from 21,532 in calendar year 1974 to 33,511 in 1975, an increase of 56 percent. For last year's Summer Intern Program, 400 people applied. Over 600 have applied for this year's program. The quality of applicants is as good, if not better, than in previous years. The number of applicants who cancelled their processing dropped from 790 in 1974 to 682 in 1975, a decrease of 14 percent.

QUESTION. What is the status of CIARDS, its future, its viability, its relation to Civil Service? Why is there a budget schedule for CIARDS in the Federal Budget this year?

ANSWER. The CIA Retirement and Disability System is one of the two statutory retirement systems in CIA. About two-thirds of Agency personnel are under the Civil Service System and one-third under CIARDS. Membership in CIARDS is accorded to those Agency employees who perform what the CIA Retirement Act describes as "duties clearly distinguishable from normal Government employment."

The CIARDS was enacted in September 1964 as the result of efforts by the Agency to provide, for its employees who perform "clearly distinguishable" duties, retirement benefits a bit better than provided by the Civil Service System and to permit employees who performed such duties to retire earlier than they could under Civil Service.

The CIARDS is basically the Civil Service System with provision for a slightly more favorable formula for computing annuities and permitting retirements to occur at ages earlier than provided for under Civil Service. In almost all other respects, CIARDS follows Civil Service. Since 1965, we have secured amendments to CIARDS in order to maintain comparability with the Civil Service System.

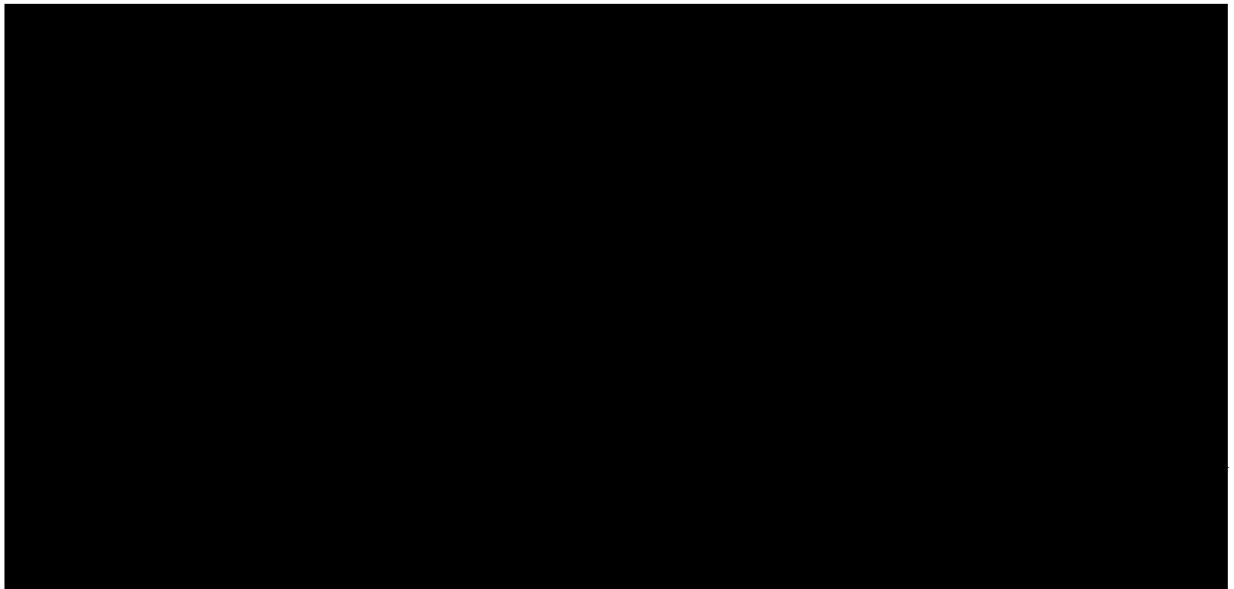
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intelligence sources and methods:

1. Participants in CIARDS must, by law, maintain prescribed periods of qualifying service at certain points in their Agency careers. This means that certain of them are being put into, or removed from, CIARDS over the years. Since almost all of these are under "cover" of some type, we could not permit such records to be maintained in the Civil Service Commission.

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3. The CIARDS is closely meshed with the workings of the concept of "career service" which is an institutionalized aspect of personnel management throughout CIA. CIARDS is much more management-oriented than is Civil Service: Management (career services) controls assignments of employees and management plays a role in all retirements under CIARDS, except retirements for disability or for those that are mandatory because of age. Together, CIARDS and the career service management comprise our fundamental context of personnel management. We cannot countenance its disruption.

C O N F I D E N T I A L

(b) annual payments of that portion of normal costs not met by employee/employer contributions; and (c) annual payments to finance in 30 equal installments increases in unfunded liability for new or liberalized benefits, extension of coverage or salary increases. I consider enactment of this legislation essential to the continuing liquidity of the Fund.

The schedule which appears in the President's FY 1977 Budget for a \$28.3 million payment to CIARDS simply reflects the estimated budgetary cost of the above-cited legislation for FY 1977, should it be enacted.

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In sum, our training costs are high because of the unique training requirements existing in the Agency which can be met only by giving the training in-house.

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QUESTION. What mechanisms do you employ in the different directorates periodically to identify marginal performers and separate those whose performance cannot be improved?

ANSWER. The Agency's personnel evaluation program includes a single Agency-wide system for job performance evaluation and several comparative evaluation systems which are designed to meet the requirements of each Directorate career service. *These evaluations are reviewed at least annually* It is Agency policy to inform employees of the effectiveness of their work performance. The Agency's performance evaluation system is designed to promote communication and understanding between supervisors and employees with respect to the employees' performance of their assigned duties and to provide an official record of each employee's job performance in terms of Agency-wide criteria.

Letters of Instruction. Supervisors participate with employees in defining annual performance objectives and action plans which specify the timing of results which the employees intend to accomplish. The written statement of these objectives and plans (LOI) establishes the standards for evaluating each employee's performance in terms of his productivity during the following year. Letters of instruction are revised to record significant qualitative or quantitative changes in productivity goals.

Fitness Reports. Agency policy requires that supervisors record at least once each year their opinions and evaluations of the work performance of employees under their jurisdiction. An unsatisfactory or marginal rating requires immediate and positive remedial action and the action taken or recommended by the supervisor must be described in the narrative section of the fitness report. The nature of the action could range from counseling to separation. Any weakness noted in a prior year's report must be commented on in the subsequent report. Rating officers must certify on the fitness report that poor performance, when it occurs, has been the subject of discussion with the employee. Reviewing officers have the responsibility for following up on marginal and unsatisfactory ratings and bringing the particular case to the attention of the career management officer.

Deputy Directors develop and administer systems for comparing the relative capabilities and potential of employees in their directorate as pertinent to their selection for assignment, advancement and retention. The Director of Personnel assists in the development and operation of such comparative evaluation systems and reviews them from time to time to ensure their continuing relevance. In October 1975, the Director



of Personnel, with the help of representatives of each of the career services, developed "Descriptors for Comparative Evaluation Groupings" to be used by all of the career services in their comparative evaluation process. The resultant five groupings provide a basis for career board actions such as assignment, promotion, counseling and separation. The bottom category is "Substandard" and requires administrative action which may include counseling, training, reassignment and/or separation.

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2 APR 1975

The Honorable James T. Lynn, Director  
Office of Management and Budget  
Washington, D. C. 20503

Dear Mr. Lynn:

This responds to that portion of Mr. Ash's letter of 30 January 1975 which relates to the CIA Retirement and Disability System (CIARDS).

In requesting that we review the desirability of merging CIARDS with the Civil Service Retirement System (CSRS), Mr. Ash noted that the difficulties inherent in providing for unfunded liability and in updating our system to parallel changes in the CSRS argue for a merger.

Based on our review, I have concluded that the interests of this Agency will be served better and more efficiently by continuing CIARDS as a separate system. When viewed in the context of sound personnel management and related considerations of economy, security, administrative ease and morale, the problems of providing for unfunded liability and of updating our System do not appear serious enough to warrant merger. Moreover, we believe it to be less difficult to obtain legislation to overcome these two problems than to obtain the legislation needed to achieve merger, and an appropriate legislative proposal has already been prepared. We submit the following information in support of our views and conclusions:

1. First, let me note that a unique retirement policy responsive to the needs of this Agency and directly integrated into our personnel management system existed even before enactment of CIARDS.

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a. The first recorded concern of Agency management for retirement at ages earlier than the mandatory age of 70 as provided under the Civil Service Retirement System was made as early as October 1953 in a report of a task force on legislative aims. This report mentioned that some work in CIA required a combination of mental, physical and psychological characteristics which are found in diminishing proportions in employees past age 30. This was the beginning of the development of a policy of "early" retirement (i.e., earlier than age 70) and, also, toward the eventual development of CIARBS.

b. Generated by a continuing and serious concern about the need to keep the Agency's work force young and vital, the Director of Central Intelligence approved in 1959 a policy calling for retirement at age 60 or as soon thereafter as employees become eligible for an immediate annuity -- at the time, age 60 with 30 years of service or age 62 with five years of service. The significance of this development is that it was the first step toward putting in the hands of management the scheduling and control of retirements; before then, such control was lacking and retirement was subject to the decision of employees. It was recognized at the time that the new policy departed significantly from the mandatory provisions of the Civil Service Retirement System and that the Agency ran the risk of outcry and even legal action from affected employees. Despite the risks, the Agency proceeded because of the extreme importance attached to the age 60 retirement policy.

c. The 1966 Federal Salary Act authorized retirement at age 60 with 20 years of service, and our "mandatory" retirement policy was revised accordingly for employees covered by the CSRS.

d. In late 1967 the Agency conducted a comprehensive review of this policy. On 3 May 1968 the Director of Central Intelligence reaffirmed the policy and also approved a retirement rationale in support of this policy. I believe it is relevant to our present review to attach that rationale. In it you will note the critical relationship between our retirement policy and the proper functioning of this Agency.

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e. Early retirement in CIA has contributed mightily to three objectives of Agency management. The most significant of these is that the large number of retirements aided greatly in meeting personnel reductions, and we were spared the agony, strife, and attendant potential security problems of initiating massive adverse separation and termination actions. In addition, these retirements assisted in keeping the Agency young and creating headroom for promotions. For example, for the five fiscal years 1970-1974, there were 3,172 retirements; the average age of retirement reduced from 56.3 in FY 1970 to 53.3 in FY 1974. In FY 1970, 54.6 percent of retirees were under age 60; in FY 1974, 87.8 percent were under age 60. There is little question that the retirement policy has served the Agency well.

f. Enactment of the Fair Labor Standards Amendments of 1974, which included a prohibition against age discrimination, forced us to revise our "mandatory" retirement policy for employees covered by the CSRS from one requiring retirement at age 60 to age 65. This change has caused deep apprehension that the many advantages of the earlier age 60 policy would be diluted or even lost and, as a result, serious personnel management problems would ensue. Despite this change, we continue to hope that employees will view early retirement favorably, thus minimizing the effect of the change.

2. I have included the above summary of our long-standing policy in order to establish that the retirement of Agency employees historically has been a matter of deep and continuing concern to Agency management. This policy, which deviated dramatically from that generally found elsewhere and more specifically from that provided by the Civil Service Retirement System, has been a key facet of the Agency's personnel management system. With this background on our overall retirement policy, I wish now to establish that CIARDS -- which was obtained for a unique category and limited number of employees -- has become an even more integrated part of our personnel operations.

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a. In 1962 the House Armed Services Committee expressed its desire for the Agency to have a retirement system that "would stand on its own two feet." In 1964 CIARDS was enacted into law to provide retirement for certain employees of CIA whose duties were clearly distinguishable from normal government employment. In 1965, just as the Agency was installing the new retirement system within CIA, a White House Cabinet Committee was appointed to examine all Federal retirement systems. That Committee devoted some of its time to considering the merger of other retirement systems with the Civil Service System, which, in its view, would contribute to better and more economical administration, maximum across-the-board consistency and better coordination with other fringe benefits. While all that seems to constitute a laudable goal, the Committee did, however, recognize that the management contexts in which retirement systems operate differ. Hence, the Committee acknowledged the vastly different organizational complexions of the military services and the Foreign Service and concluded that:

"MSR (Military Services Retirement) and FSR (Foreign Service Retirement) are management oriented to a greater degree than is CSR (Civil Service Retirement). Both are closely coordinated with their respective personnel systems to facilitate the retention and promotion of the most able and to separate or retire the least able as well as those no longer able to fully meet requirements of the service. The close coordination between these retirement systems and their respective personnel systems is a basic reason for their continued separate existence."

We believe that the CIARDS is even more unique among Federal retirement systems, not only insofar as it has become an organic part of our organization, but also in that a good part of its methodology falls within the purview of the Director's statutory responsibility for protecting intelligence sources and methods. I will explain these two aspects:

(1) CIARDS is not just an ordinary retirement system that happens to be separate from Civil Service. It is uniquely tied into the whole Agency fabric of management. One of the statutory criteria for participation in CIARDS is the performance of duties that are "clearly distinguishable from normal government employment." A Retirement Board, consisting of senior Agency employees, reviews all requests for admission to CIARDS to ensure that the statutory and regulatory requirements governing qualifying service and other eligibility requirements are rigidly adhered to. The Board reviews the employment record of participants in CIARDS at certain intervals to ensure continued eligibility to remain in CIARDS. This activity is conducted throughout the Agency and results in employees being dropped from CIARDS or taken into it. Rigid control is maintained by the Board and management of the type of service which is qualifying to ensure compliance with the spirit and intent of the law. This type of activity is closely intertwined with and requires the participation of Agency management and the many Career Services or Career Service Sub-Groups into which CIA personnel are divided. Since the special retirement benefits of CIARDS were sought and obtained for approximately a third of Agency personnel, -- the balance to be covered by the Civil Service Retirement System -- the control, review, and designation functions currently being performed would have to be maintained even with a merger with the Civil Service Retirement System. In our view, merger would not only compound the administrative complexity of this activity, but would make it more expensive to perform. Needless to say, legislation would be required to achieve this separate function, even though the Systems are merged,

and would be likely to generate extensive discussion and debate as to the rationale for the proposed delineation of responsibilities.

(2) The CIARDS is also much more management-directed than is the Civil Service System -- another feature that adds uniqueness. The Career Service concept gives management a large role over the careers, and even over the lives, of the participants. Directed assignments are not uncommon. To staff our Station in Vietnam during its peak years, for example, required ordering officers to duty there against their personal preferences. The incentive of qualifying for CIARDS as a benefit of such service materially assisted our staffing of this and other overseas areas. Actual retirements below the mandatory retirement age in CIARDS are also a function of management. Unlike the Civil Service Retirement System, voluntary retirements under CIARDS are permitted only with the approval of the Director; and the Director can retire involuntarily any participant with at least 25 years of service or one who is age 50 with 20 years of service. CIARDS is, then, more of a management tool than is the Civil Service Retirement System; and it is a tool that is integrated into the framework of Agency management practices.

(3) Mr. Ash's suggestion to merge CIARDS with the Civil Service Retirement System further raises a concern beyond retirement. Here I am referring to the Director's statutory responsibility to protect intelligence sources and methods; and many of our activities in CIARDS involve methods which we feel compelled to keep classified, under control, and known to as few persons as possible.

I think it is safe to say that because of our statutory responsibilities, the Agency must employ and utilize individuals in a variety of ways not found elsewhere in the Federal government. In the main, these are those "certain employees" referred to in the title of the CIARDS Act who are performing duties that are "... so specialized because of security requirements as to be clearly distinguishable from normal Government employment . . . ." one of the statutory criteria for admission to CIARDS. Often these employees are under cover in various other organizations; some are serving in "non-official" capacities. In most cases, participation in CIARDS is based on service overseas. All these various types of employment situations and service involve classified information and sensitive methods which must be protected not only during employment but even after retirement. Merger with the Civil Service Retirement System would require the Civil Service Commission to develop and maintain special security procedures; to install necessary equipment, e.g., safes; to clear and instruct large groups of employees in the proper handling and custody of these

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[REDACTED]

We believe the Director, Bureau of Retirement, Insurance and Occupational Health would have to overcome serious problems in order to accommodate the security and other requirements of our retirement system.

b. Merger, therefore, would require replacement of tested procedures, controls and mechanisms under my control. Substitutes -- even if acceptable ones could be developed, and I doubt that they could -- would not be under my control. The result would impair my statutory responsibility. The CIARDS System, interwoven into a larger context of Agency management and highly classified methods, administers



such matters routinely and with great and secure efficiency. Participants retired under such circumstances are CIA's responsibility to administer, not only until they die, but until all their survivors eligible for retirement benefits are dead too.

3. The Cabinet Committee on Retirement acknowledged that the Foreign Service and the Military Retirement Systems could be excluded from a scheme for merger because these retirement systems were more management-oriented. We think that this conclusion is sound in that it did not view all independent retirement systems merely as groups of lesser numbers of employees; it wisely accorded appropriate weight to the peculiar characteristics or the quality of the philosophy and the professionalism of the cadres which made up these independent systems. As we have discussed above, CIARDS is at least the equal of FSR and MSR in these respects and that, in addition, the CIARDS has unique peculiarities, due to the clandestine complexions of many Agency careers, that fall under the Director's statutory responsibility.

4. Now let me address the subject of the morale of our CIARDS participants as it would be affected by merger with the Civil Service System. To lump these participants into the Civil Service System now, after ten years of administering a separate retirement system which recognized the peculiarities of Agency employment, would, in our judgment, diminish the effectiveness of an asset that our Government and this Agency need today. Perhaps I can underscore this by quoting from a statement made by a former Director, John A. McCone, to Congress on 10 December 1961. Testifying on behalf of the CIARDS Bill, he said: "I consider the enactment of the proposed Bill (and this was for a separate system) essential to the effective performance of our mission." More currently, our Deputy Director for Operations, whose Career Service includes the largest number of CIARDS participants and retirees, states: "The effect of this move (the merger) on morale within the DDO would be disastrous and, taken with other difficulties, would, in my opinion, seriously degrade the calibre of the people we could hire and/or retain in the Operations Directorate." I fully support his position.

5. I submit at this point that the unique aspects of CIARDS and of the employees it covers, as well as its relationship to our overall personnel management system, argue for its continuation as a separate system. CIARDS is not just a relatively small number of persons. (On 31 January 1975, 4,630 participants, 1,885 annuitants and 254 survivors.) It is a program administered in a fashion or by methods unique to the U. S. Government. This uniqueness, which was recognized by the Congress in approving CIARDS as a separate and special retirement system, often involves cases covered by the Director's responsibility to protect sources and methods.

6. Mr. Ash's letter stated that the difficulty inherent in providing for the unfunded liability argues for merger. After reviewing various alternatives to resolve our funding problem, the Agency's Management Committee recommended that we propose enactment of funding legislation parallel to that previously enacted for the Civil Service and the Foreign Service Systems. We think that there are important advantages to this proposal; statutory precedent exists and the principal portion of the additional funding would be exempt from the appropriation process. The amount to be paid into CIARDS would be reflected as a line item in the U. S. Budget, but this line item would reveal little or nothing about Agency size or budget and we believe that the advantages accruing to CIARDS from this proposal far outweigh the disadvantage. With respect to the difficulty of updating CIARDS, we believe that the proposal in our present legislative package for the enactment of benefits for CIARDS, which are approved for the CSRS, by administrative means (without bypassing the legislature) would obviate the recurring recourse to the legislative process for the attainment of benefits decreed for most government employees.

In summary, we believe that merger of CIARDS with the Civil Service Retirement System would deprive the CIA of an important management tool, would result in greater administrative expense, would create acute administrative and security difficulties, and would seriously affect the morale of those Agency employees for whom CIARDS was enacted. Enactment of our proposed legislative program would solve the difficulties of funding and updating of benefits without jeopardizing our present CIARDS System and its important contribution to our personnel management program for a major and unique category of Agency employees.

Sincerely,

///

W. E. Colby  
Director

Enclosure

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3 May 1968

RETIREMENT RATIONALE

1. The production of intelligence bearing on the national security for use at the highest levels of policy determination of the United States Government is a responsibility of the gravest note. The organization bearing this responsibility should be staffed with persons of the highest available intellect, integrity, professionalism, dedication, perspicacity, and dynamism. The Central Intelligence Agency's retirement policy is an essential element of its program for ensuring that its staff possesses these attributes to the highest degree feasible.

2. The personnel staffing program of the Agency is based on the concept of selective recruitment for career employment and managed career development. Selection standards are designed to accept only persons with the highest qualifications and potential for development. The Agency's development program provides a career-long blend of formal training and managed progression through appropriate assignments of increasing breadth and responsibility.

3. The goal of the Agency's development program is to place the best available employee in every position. Promotion policy reinforces career development by advancing those who excel and have the capacity for further growth. The Agency's rigorous system for evaluating the performance of its employees is designed to assure high levels of effectiveness. Those who are unsatisfactory are separated; those who are marginal or unlikely to find full career satisfaction are counseled to resign.

4. Intelligence activities are characterized by continuous changes--in requirements, methods, techniques, processes, and emphases. As these changes occur, the Agency reassigns its career staff employees and provides supplementary training as required. To the extent that these measures do not meet the needs, requisite skills, experience, and special abilities are acquired by the employment of new personnel.

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5. Because there are practical limits to the size of the Agency, the requirement for new employees and the operation of the career development program cannot be accomplished without attrition. Part of this attrition is provided by involuntary separations and resignations through the Agency's system for evaluating employee performance. Other vacancies are provided by voluntary retirement and resignation and by death and disability. But together these do not create a sufficient number of vacancies.

6. The Agency's retirement policy is an integral part of its program to maintain the high level of performance required by its mission and responsibilities. It also provides the additional attrition necessary for career development and the acquisition of new employees. This policy, adopted in 1959, generally limits the career span of its employees to age 60.

7. Agency employees, with some exceptions, have all attained their career peaks several years before reaching age 60. They have had a full CIA career and have made their maximum individual contribution to their Government. Exceptions specifically contemplated are individuals who possess rare scholarship and talents that would be difficult to replace in the normal course of career development and whose retirement would not be in the best interests of the Government. In some cases retirement at 60 may result in loss of valuable experience and know-how and only generate a recruitment and training requirement.

8. It is recognized that enforcement of the policy to retire employees at age 60 occasionally subordinates the personal desires of the individual to the best interests of the Government. This is usually the case when it is necessary for any reason to separate an employee. The normal voluntary retirement age for most Federal employees is 65, and the compulsory age under the Civil Service system is 70. Similar retirement ages for CIA would result in the gradual accumulation of an excessive number of employees of declining performance, whether due to declining health, motivation, or drive or to inability to adapt to change. The effectiveness with which the Agency fulfills its extraordinary responsibilities depends entirely upon the highest possible level of effectiveness in staffing the Agency. Consequently, extraordinary action toward attaining

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and maintaining this goal--such as effecting a retirement policy more stringent than that for the Federal service in general--is warranted.

9. Retirement at age 60 may appear less appropriate for those Agency employees who are in positions that are not unique to intelligence activities. In theory, it might be possible to identify all such positions and exempt the incumbents thereof from the retirement policy.

10. There are two reasons for not doing so. Attempts to formulate criteria of differentiation would generate new problems of morale and administration. The creation of exempt categories of employees would foster odious comparisons. It would thwart the implementation of the general retirement policy indefinitely as groups and individuals pleaded their individual cases.

11. The more fundamental reason for not exempting certain categories of Agency employees is that the work of the Agency must be performed with utmost responsiveness. This requires a general state of mind on the part of all employees that timeliness is critical, accuracy is imperative, and absorption with the task at hand takes priority over personal distractions. Advancing years inevitably bring about a lessening of work vigor and enthusiasm. The larger the proportion of older employees, the greater the debilitating effects on the tenor of the Agency.

12. In summary, the age 60 retirement policy is a key element of the Agency's efforts to attain excellence in its staffing. Without the policy the entire personnel program of the Agency would be impaired. The most vigorous and productive individuals, finding themselves stymied, will leave the service or will never be persuaded to enter in the first place. By shortening the career span of all employees, service in intelligence will continue to be highly attractive to outstanding young men and women. In the end, our national intelligence objectives will be best served.

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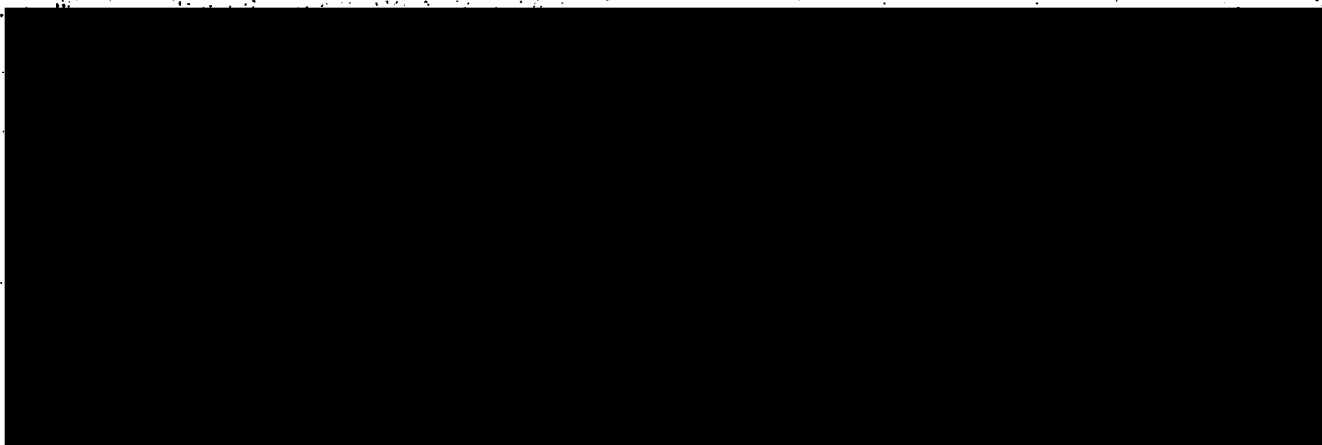


January 30, 1975

Honorable William E. Colby  
Director of Central Intelligence  
Washington, D. C. 20505

Dear Bill:

The President's review of the budget submissions of all executive branch agencies has been conditioned by a balanced economic program that is designed to stimulate economic growth without aggravating inflationary pressures. The spending proposals delineated in the 1976 budget for each Federal activity are consistent with these objectives.



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As you know, this year's budget review included an examination of out-year requirements through 1980, projected from decisions made for 1975 and 1976. Although the 1977 to 1980 estimates are intended to provide firm guidance, the degree of uncertainty surrounding such forward estimates is obviously much greater than in the case of shorter term estimates. Adjustments (down as well as up) will, of course, be made in next

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year's budget process as required to make account of certain developments now unforeseen; for example, the outcome of this year's legislative action, later and more accurate statistics, more informed appraisals of workload, and other changes in the external environment. The budgetary guidance for CIA for these out-years is as follows (in millions):

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The President expects you to develop plans for the operation of CIA in such a way that your budgets for these years will be held within these totals.

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The 1976 end-of-year and transition period ceiling on staff and contract employment established by the President for the Central Intelligence Agency is [REDACTED]. The progress you have achieved in making your employment reporting system more closely parallel that of other Federal government agencies is to be commended. Through the use of this standard, I believe we can better evaluate the requirements for agency personnel. I trust that you will continue to move in the direction of conformity with the employment reporting practices of other Federal government agencies. If additional positions are to be required in CIA because of unexpected growth in the volume of your reimbursable activities or a transfer of function, you will arrange with those other agencies to reduce their employment ceilings by a number at least equal to the increase needed in your ceiling. Requests for adjustments from both agencies must be submitted concurrently to the Office of Management and Budget for approval.

The President has asked your help in slowing the upward trend of personnel costs. You should give special attention to use every reasonable opportunity for eliminating or downgrading vacant positions, particularly those at the GS-16, GS-17, and GS-18 levels; insuring that promotions are fully justified; hiring college graduates wherever feasible at the GS-5 entry level; eliminating unnecessary organizational layering; training employees to do work more economically and better; and

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encouraging employee suggestions which lead to cost reductions. The creative efforts of your managers should be enlisted to find ways to meet the President's objective of reducing personnel costs. The results of your initial efforts should be reported to this office by May 15, 1975.

Your proposed legislative program includes amendments to the National Security Act of 1947 to protect sources and methods. As you are aware, clearance on your proposed amendments to the National Security Act has been in abeyance pending resolution of differences between the views of the CIA and those of the Department of Justice. We understand that your staff and the staff of the Department of Justice have been discussing these differences since April of last year. You should provide this office by April 1, 1975, with a written report on the status of these discussions and any outstanding issues.

In addition, your legislative program proposes amendments to the CIA Retirement Act. We believe that a full review should be given at this time to the desirability of merging the CIA Retirement and Disability System with that of the Civil Service Retirement and Disability System. The difficulties inherent in providing for the unfunded liability in this essentially "off budget" system and the continuing requirement to update the authorizing legislation to parallel changes in the Civil Service Retirement and Disability System argue for a merger. By April 1, 1975, you should also provide this office with a report as to your recommendations for solutions to these problems. The report should indicate the difficulties that might arise from a merger and possible legislative or administrative solutions.

For your reference, enclosed are copies of the letters which I have transmitted to Chairmen McClellan and Mahon of the Senate and House Appropriations Committees informing them of the amounts for the Central Intelligence Agency included in the President's budget estimates.

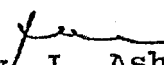
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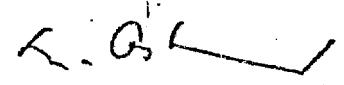


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The President expects each agency official to support actively the budget amounts set forth in this letter and its enclosures. This support should be given in testimony before congressional committees and in informal contacts with members of Congress and their staffs.

Sincerely,

  
Roy L. Ash  
Director



Enclosures

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CONCURRENCE		INFORMATION	SIGNATURE

**Remarks:**

Our answer to question 2 concerning CIARDS is based on input from the Office of Finance and the Office of Personnel. Also, we have attached the 2 April 1975 letter from the DCI to the Director of OMB which we referred to in our answer to question 2.

ATTACHMENTS ARE CLASSIFIED "CONFIDENTIAL" AND "SECRET."

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FROM: NAME, ADDRESS AND PHONE NO.	DATE
Acting Director of Personnel	27 JAN 1976
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